

**Approved**



**ENHANCED MUNICIPAL SERVICES DISTRICT COMMISSION  
CITY OF SCOTTSDALE  
PINNACLE CONFERENCE ROOM  
7575 EAST MAIN STREET  
SCOTTSDALE, ARIZONA  
AUGUST 19, 2004  
MINUTES**

**PRESENT:** Scudder Gookin, Jr., Chairman  
Marilyn Atkinson, Commissioner  
Anselm Bischoff, Commissioner  
Bambi Johnson, Commissioner  
Steven Scholz, Commissioner

**ABSENT:** Paul Piazza, Vice-Chairman

**STAFF:** John Little, Executive Director  
Michelle Korf, Deputy Director

**OTHERS**

**PRESENT:** Michelle Olson, Olson Communications  
Frank Maguire, 5<sup>th</sup> Avenue Merchants Association  
Stan Yamamoto, Park & Company  
Ginny Taylor, Marshall Way Arts District  
Sue Salo, Old Town Merchants Association  
Clark Johnson, 5<sup>th</sup> Avenue Merchants Association  
Kathy Duley, Main Street  
Alan Pyle, 5<sup>th</sup> Avenue

**CALL TO ORDER**

Chairman Gookin called the special meeting of the Enhanced Municipal Services District Commission to order at 5:35 p.m.

## **ROLL CALL**

A formal roll call confirmed members present as stated above.

## **REVIEW OF AREA GRANTS**

Ms. Korf reported several grant applications have been submitted for the Commission's review and approval. She passed out a copy of the City of Scottsdale Downtown Enhanced Municipal Services District Guidelines for the Area Grants Program Payment/Reimbursement for Area Grant Expenses. She further reported that Olson Communications staff will work directly with district representatives for Area Grants payment/reimbursement requests.

Mr. Little explained that because these are public funds they need to ensure that it passes the legal requirements for incurring expenditures so that there is not a question regarding the integrity of the process. Ms. Korf handed out an outline of how to properly document that the best price possible was secured for area grant expenditures. Grantees should keep a record of who was contacted, what cost estimates were provided and, in the case of a sole source purchase, an explanation regarding your decision.

Ginny Taylor, Marshall Way Contemporary Arts District, provided an overview of their District's proposal. She stated the project objectives include:

1. Bring people to Marshall Way District
2. Planned Events will be inviting festive, and interactive.
3. Our branding campaign, banners and decorations are designed to successfully increase the positive attributes of Marshall Way District and establish an identity that the public will recognize and be drawn to all year long.

She reviewed the funding amount requested:

Music First Thursday ArtWalk	\$7,740
An Evening of Discovery on Marshall Way	\$4,930
Holiday Decorations	\$1,200
Street Banners	\$1,900
Explore the Arts on Marshall Way	\$7,160
Fiesta Bowl Artwalk	\$2,710
District Advertising/Branding Campaign	\$17,940
Summer Spectacular Artwalk	\$1,420
 Total Grant Request	 \$45,000

Ms. Taylor reported that this request was put together prior to the last meeting when it was determined each district would receive \$30,000.

Chairman Gookin stated that he encouraged Ms. Taylor to submit the request for \$45,000 since all of the work was done but with the understanding, they would not get the entire amount.

Commissioner Bischoff inquired if they would be requesting additional participation from the merchants in their area to allow them to carry out the entire plan. Ms. Taylor replied in the affirmative.

**COMMISSIONER ATKINSON MOVED TO APPROVE THE GRANT APPLICATION PROPOSAL IN THE AMOUNT OF \$30,000 FOR THE MARSHALL WAY CONTEMPORARY ARTS DISTRICT TO USE AS THEY SEE FIT ON THE PROGRAMS THEY HAVE LISTED IN THE PROPOSAL. SECOND BY COMMISSIONER JOHNSON.**

Commissioner Johnson reminded the districts that all advertising must have the downtown logo that is big enough to read.

Commissioner Johnson stated that it has been her personal experience that the music does not come to the north end so she would like to see the music flow a little more around the entire area. Ms. Taylor replied the intent is to have music on both ends. Ms. Duley noted that there are certain logistical issues because of lack of power outlets.

Commissioner Scholz stated that he had a short conversation with Ms. Taylor regarding the proposed plan. He further stated that he felt it was a good plan and the district will come up with the rest of the funds.

**CHAIRMAN GOOKIN CALLED FOR THE VOTE. THE MOTION PASSED BY A VOTE OF FIVE (5) TO ZERO (0).**

Kathy Duley, Main Street / Scottsdale Gallery Association, provided an overview of their District's proposal. She stated the project objectives include:

1. Attract more customers to downtown Artwalks offer a casual, relaxed atmosphere for people to explore the galleries
2. Showcase the variety, quality & originality of art offered
3. Sell Lots of artwork!

She reviewed the funding amount requested:

PR, advertising & production	\$20,000
Entertainment (for special ArtWalks)	\$6,000
Advertising	\$4,000
Total Grant Request	\$30,000

**COMMISSIONER ATKINSON MOVED TO APPROVE THE GRANT APPLICATION PROPOSAL IN THE AMOUNT OF \$30,000 FOR THE MAIN STREET/ SCOTTSDALE GALLERY ASSOCIATION WITH SOME FLEXIBILITY WITH WHAT HAS BEEN PRESENTED. SECOND BY COMMISSIONER JOHNSON.**

Commissioner Atkinson stated that the districts' have a lot of marketing knowledge and experience and they need to continue to capitalize on that.

**CHAIRMAN GOOKIN CALLED FOR THE VOTE. THE MOTION PASSED BY A VOTE OF FIVE (5) TO ZERO (0).**

Clark Johnson, Fifth Avenue Merchants' Association, provided an overview of their District's proposal. He stated the project objectives include:

1. To increase retail sales in stores and restaurants.  
By bringing 1000s of people (who are not normally in the area to the 5<sup>th</sup> Avenue area, the potential for sales to increase are exponentially amplified.
2. To increase local public exposure.
3. To increase tourist exposure to downtown Scottsdale in particular the 5<sup>th</sup> Avenue area.

He reviewed the funding amount requested:

ArtFest of Fifth Avenue	\$5,000
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**COMMISSIONER ATKINSON MOVED TO APPROVE THE GRANT APPLICATION PROPOSAL IN THE AMOUNT OF \$5,000 FOR THE FIFTH AVENUE AREA. SECOND BY COMMISSIONER BISCHOFF.**

Commissioner Bischoff inquired if the city can track the sales tax receipts for these vendors who setup booths at this event. Chairman Gookin stated the city can track the sales tax revenues monthly by each district. Commissioner Bischoff stated it is important to determine if the merchants benefit from having this event. Commissioner Johnson stated as a shop owner in the 5<sup>th</sup> Avenue, historically the merchants and the restaurants have benefited from this event because of the volume of people coming into this area.

Alan Pyle, 5th Avenue, stated as a merchant in 5<sup>th</sup> Avenue this event is a tremendous benefit. All merchants across the board see an increase in business as a result of this type of event.

Chairman Gookin inquired if the construction in the area would have an impact on this event. Mr. Little replied that special events will receive priority treatment and the streets will be cleared of the equipment during the event.

**CHAIRMAN GOOKIN CALLED FOR THE VOTE. THE MOTION PASSED BY A VOTE OF FIVE (5) TO ZERO (0).**

Sue Salo, Old Town Merchants Association, provided an overview of their District's proposal. She stated the project objectives include:

1. Increase Revenue – Traffic – Sales
2. Additional advertising through events P.R.
3. Stretch revenue by two areas working together

She reviewed the funding amount requested:

Nascar	\$12,000
Parada	\$3,000
Yearly Entertainment	\$12,000
Concierge mixer	
Ambassador mixer	\$1,000
Spring Training	\$7,000
2 Visitor carts	\$4,000
Total Grant Request	\$39,000

She noted that at the very least they need one visitor cart.

**COMMISSIONER ATKINSON MOVED TO APPROVE THE GRANT APPLICATION PROPOSAL IN THE AMOUNT OF \$30,000 FOR THE OLD TOWN MERCHANTS WITH SOME FLEXIBILITY WITH WHAT HAS BEEN PRESENTED. SECOND BY COMMISSIONER JOHNSON.**

Commissioner Atkinson stated that she felt the City should pay for the carts.

**CHAIRMAN GOOKIN CALLED FOR THE VOTE. THE MOTION PASSED BY A VOTE OF FIVE (5) TO ZERO (0).**

Commissioner Atkinson inquired if it would be appropriate to make a motion that since the 5<sup>th</sup> Avenue Association only requested \$5,000 that the other \$25,000 be set a side for them. Chairman Gookin stated that would not be necessary because the Marketing Plan stated that each District would receive \$30,000.

Chairman Gookin thanked all of the merchants for their presentations.

**MARKETING CONTRACTS: STRUCTURE OF COMPENSATION**

Ms. Korf provided an overview of the structure of compensation in contracts, including retainers and mark-ups as it relates to marketing agreements.

She said that there are many different ways to pay for professional services: through lump sum agreements, cost plus net fee agreements and contracts based upon billable hours, retainers and mark ups.

Most everyone is probably most familiar with lump sum agreements. An example would be where someone would pay a painter, say \$2000, to paint a house. These agreements typically involve relatively low-cost contracts, are well-defined (I will paint your house and provide all the materials I need to do so) and have a clear beginning and end.

Compensating marketing services is a little more complicated. Much of these types of agreements involve buying the expertise of experts. These agreements require professionals who can do market research, develop creative campaigns, get the media to write stories about their client and take responsibility for marketing materials to be developed, printed and delivered. These contracts involve purchasing professional creative talent, technical talent and administrative support.

All need to be compensated for their work.

Technical people are typically compensated through two types of mark-ups: media and printing/production.

Media mark-ups, which are typically around 15%, compensates someone to research and secure the best possible rates for items such as print ads and radio spots. It includes seeking out the most appropriate publications for ad placement at the most opportune times. It covers the time it takes for agency personnel to shepherd an ad through to publication. They make sure the ad/radio spot is placed in the exact space that it was purchase for. They make sure the client gets what it paid for.

Printing and production mark-ups (industry averages range between 15% and 50%) compensate someone to research and secure the best possible rates for printed materials. It covers the time and cost for managing the printing and production projects (working with creative staff to make sure everything is ready for print/film crew, on air talent; oversight of the printing/production process; and distribution of materials to the client). It also requires the marketing agency to be the responsible party from a financial standpoint for the production of the materials. In other words, if there is a problem with the printing order, it is the marketing consultant's financial responsibility to make it right.

### **FUTURE AGENDA ITEMS/COMMISSIONER ANNOUNCEMENTS**

Ms. Korf reported there would be two standing agenda items: update from the Marketing Group and update on the overall budget.

Commissioner Atkinson stated that she would request an accounting at every meeting and copies of all invoices.

Commissioner Scholz stated that he noticed a common theme on all of the applications regarding working with concierges and banners and there seems to be overlap. Ms. Korf suggested having the Marketing Group come up with a plan regarding the banner and working with the concierges and then make a recommendation to the Commission regarding whether funds should be expended to implement it

Commissioner Johnson requested they go back to the discussion regarding marketing contract structure of compensation. She inquired who is the designated city staff person in charge of this contract. Ms. Korf replied that she is the contract administrator and all of the invoices come to her to ensure sure the charges are reasonable and work within the plan.

Commissioner Johnson stated with all due respect Ms. Korf is newer at this than the business owners so she inquired if there are guidelines. Ms. Korf replied the City has procurement guidelines. Mr. Little reported that something Ms. Korf has that no one in the room has is a large staff of accountants available to her.

Commissioner Johnson inquired if the EMSD gets charged for attorney fees if research needs to be done on contracts. Mr. Little stated the EMSD would not be charged for questions asked to the City Attorney's office.

Commissioner Johnson stated the reason for question is because the Marketing Group had a question regarding using a copy righted song and staff had indicated that there might be liability to the city so there would need to be legal research regarding the issue and the cost would be billed to the EMSD. Mr. Little replied staff would research that issue and get back to them.

Commissioner Atkinson stated that there are trash and maintenance issues in the downtown that need to be addressed. Mr. Little explained that the Merchants Associations deal directly with the maintenance staff in the downtown. He stated that it is not within the purview of this Commission to discuss maintenance issues.

### **STAFF ANNOUNCEMENTS**

Ms. Korf announced that the City Council would appoint a new Commission member at their September 21<sup>st</sup> meeting.

Mr. Little announced the Capital Project Management Division will host an open house to discuss the construction that is planned on 5<sup>th</sup> Avenue and Stetson. He also announced that the Scottsdale Area Chamber of Commerce is hosting the Scottsdale Business Showcase on Tuesday, September 21.

Commissioner Johnson inquired if the Commission would receive the final draft of the Marketing Plan. Ms. Olson replied in the affirmative.

### **ITEMS FROM THE FLOOR**

Mr. Johnson stated that there is a new business that just opened in the 5<sup>th</sup> Avenue area. He inquired if Olson would work with them on a press release. Ms. Olson stated they would go and talk to the new business and get a press release out if there is anything publicity worthy.

Commissioner Scholz stated that he brought samples of the albums he has put together that contains information about businesses throughout the downtown.

### **ADJOURNMENT**

With no further business to discuss, the regular meeting of the Scottsdale Enhanced Municipal Services District Commission was adjourned at 7:20 p.m.

Respectfully Submitted

"For the Record" Court Reporters